

Offshore Calif. drilling deal could be scuttled

By NOAKI SCHWARTZ – 4 hours ago

LOS ANGELES (AP) — An agreement paving the way for the first oil drilling off the California coast in nearly 40 years has run into unexpected opposition that may sink it altogether Thursday.

The plan, which could be worth billions, was announced last year by an unusual alliance of environmentalists and a drilling company. But supporters were blindsided by sudden opposition recently after it sailed through local approval and reached the state level.

The proposal hinges on a commitment from key environmental groups to lobby for expanded drilling off Santa Barbara if Plains Exploration & Production Co. would help fund hybrid buses, set aside thousands of acres of land and — most importantly — end all its local drilling by 2022.

"This is a once-in-a-lifetime opportunity," said attorney Linda Krop, who negotiated on behalf of three lead environmental groups. "If people really want to protect the coast from offshore oil and gas development, this is the best opportunity to do that."

State and federal lawmakers from California to Washington, D.C., are now challenging the plan, saying it could invite more offshore drilling along the California coast and undermine efforts to reinstate a federal drilling moratorium that was lifted by the Bush administration.

The three-member State Lands Commission has the power to scuttle the deal Thursday. Already the chairman, Lt. Gov. John Garamendi, has said he'll vote against it. The other two members — state controller John Chiang and state finance director Michael Genest — have not disclosed their intentions but Genest is leaning for it and Chiang against, setting up the possibility the plan could die on a 2-1 vote.

Supporters, now including 25 environmental groups around the state, had thought the landmark partnership and terms of the deal would be enough to push it through the regulatory process.

The commission's staff has recommended rejection, saying there is no guarantee that the company, known as PXP, will have to eventually shut down operations. The staff's finding prompted two major environmental backers of the plan — the Sierra Club and the Planning and Conservation League — to send a letter to the commission this week saying their support was contingent on the terms being fully enforced.

The company had no comment ahead of the vote. Previously, it has called the plan a win-win deal for oil exploration and the environment.

The vote is scheduled for the day after the 40th anniversary of a massive oil spill off Santa Barbara that coated miles of beaches with oil and killed dolphins, seals and thousands of birds. The spill helped lead to the Clean Water Act and a moratorium on offshore drilling, galvanizing the modern environmental movement.

If approved by the lands commission, the proposal would then go before the California Coastal

Commission, which regulates coastal development.

Opponents see Thursday's vote as critical. Garamendi believes "very, very strongly" that if the board approves the plan, drilling proponents will use the vote to push for more exploration in the West.

"I'm not going to go there," he said. "I'm not going to allow that argument to take place."

Chiang has the same concerns but has yet to decide how he will vote, spokesman Hallye Jordan said.

Genest will be represented at the meeting by his deputy, Tom Sheehy. He sees the deal as a financial boon to the cash-strapped state — perhaps \$5 billion over the life of the project — and believes the terms are specific to Santa Barbara so it won't lead to drilling elsewhere.

"There's tremendous environmental benefits to be had on this project," Sheehy said, adding: "We can't turn a blind eye to the financial benefits."

Garamendi said he has spoken with House Speaker Nancy Pelosi, D-Calif., and other members of the California congressional delegation who expressed "significant concern" that approving a drilling proposal could undercut their efforts to reintroduce a federal moratorium on the practice.

Rep. Lois Capps, a Democrat who represents Santa Barbara, supports the deal led by three groups, the Environmental Defense Center, Get Oil Out! and the Citizens Planning Association of Santa Barbara County. She warned both sides not to rush.

"I think if any decision is made on Thursday it will be to kill the deal," she said, adding that the commission could require more concessions from the company.

"Push them. See how far they'll go," Capps said.

Robert Deacon, a professor specializing in environmental economics at the University of California, Santa Barbara, understands the opposing arguments but thinks it's still a good project. He wondered whether the politicians are simply concerned about being seen as pro-drilling.

"We have an oil company that's agreed to environmental mitigations that more than offset any environmental harm the project would impose," he said. "And this assessment was made by some of the most vigilant environmental watchdogs."